

Opening Statement of Chairman Bob Latta
Subcommittee on Digital Commerce and Consumer Protection
“Algorithms: How Companies’ Decisions
About Data and Content Impact Consumers”
November 29, 2017

Good morning, I’d like to welcome everyone back from the Thanksgiving holiday to our Joint Subcommittee hearing. I’d like to thank our witnesses for being here today. I would venture to guess many people were able to get a jump start on their holiday shopping. Early reports show online shopping revenues rose over 17 percent from last year, which makes our hearing this morning so timely.

When Chairman Walden became Chair of the Energy and Commerce Committee we agreed that keeping our focus on the consumer was a priority for the committee. In everything the Digital Commerce and Consumer Protection subcommittee has done – whether it has been exploring new technologies through our Disrupter Series or the bipartisan work that went into the SELF DRIVE Act – our goal has always been to act in the best interest of the consumer and the American people.

Earlier this fall, the Equifax data breach compromised the personal information of over 145 million Americans. This troubling incident raised many questions about credit industry practices with respect to the collection of consumer information. Many Americans – some of who had never heard of Equifax – were

confused as to how their sensitive personal information could have been compromised by a company they had never interacted with.

Just last week, Uber announced their systems were hacked exposing data on over 57 million users. Rather than alert authorities and make the breach known to their users and drivers – Uber kept the hack secret for a year. Disregard of the law and disregard of consumers and drivers trust all require close scrutiny. The Digital Commerce and Consumer Protection subcommittee will continue our work to protect consumers and make sure those who disregard the law are held accountable.

As investigations continue, the importance of this hearing cannot be understated. Polls shows Americans both feel that technology has had a positive effect on our society, but are also skeptical about how their personal information is used by major technology companies. As policymakers, it is our obligation to ask the tough questions and make sure consumers understand how their information is being used in our digitally driven economy.

That is why we will explore today how personal information about consumers is collected online and – importantly – how companies use that information to make decisions about the content consumers see.

Right now, there are more than 224 million smartphone users in America and U.S. consumers spend about 5 hours a day on their mobile devices. As we continue to see the number of connected devices increase and our digital economy expand,

Americans are only going to spend more and more time online — browsing the web, shopping, or checking social media – with more information about them being collected.

Although there are legitimate reasons and benefits to the collection and use of information online, we want to ensure that Americans understand how their information is being used.

Specifically, how do companies use algorithms to make decisions and deliver content to consumers? What information goes into these complex algorithms and how do they control the information that comes out? How important are human decisions in creating the algorithms and interpreting their results? Are the results of the searches we conduct online objective or are companies controlling the information we get? These are all fair, legitimate questions that we intend to explore.

It is our job to make sure consumers have the information they need to make informed decisions – especially when it comes to the flow of their personal information online. With that said, it is also important to understand how effective privacy policy disclosures are. Although some scholars believe such disclosures empower the consumer, others contend that they are only there for the lawyers and are impossible to read. For that reason, we must consider whether there are more effective ways to empower the consumer.

I would like to thank Chairman Blackburn for her commitment to these issues, and I look forward to exploring these complex, but important issues with all stakeholders.

Thank you again to our witnesses for being here today.